

Blue Ribbon Commission on Transportation Administration Committee

Final Meeting Summary *Approved February 11, 2000*

January 12, 2000

Present: Doug Hurley, Chair, Peter Bennett, Vice Chair, Greg Devereux, Randy Scott, Judie Stanton, Rick Bender (Steering Committee member), Don Briscoe (Investment Strategies Committee member)

Absent: Bob Dilger, Representative Ruth Fisher, Tomio Moriguchi, Connie Niva, Ken Smith

Speakers: John Ball (Washington Federation of State Employees / Washington State Department of Transportation), Steve Excell (Washington Roundtable), Bob Gregory (Cities of Kelso and Longview), Bob Keller (Washington Federation of State Employees / Washington State Department of Transportation), Jim McCoard (Washington Federation of State Employees / Washington State Department of Transportation)

Others in Attendance: Roger Bergh (Washington Good Roads and Transportation Association), Phil Bussey (Washington Roundtable), Charlie Howard (Washington State Department of Transportation), Bill Kalibak (International Federation of Professional and Technical Engineers), Dean Lookingbill (Southwest Washington Regional Transportation Council), Mary McCumber (Puget Sound Regional Council), Karen Pendleton (County Road Administration Board), Chris Rose (Washington State Transportation Commission), Dan Rude (Transportation Improvement Board), Jim Seitz (Association of Washington Cities), Charlie Shell (City of Seattle), Henry Underhill (Washington Transportation Alliance), Gretchen White (Washington State Department of Transportation)

The Chair called the meeting to order at 9:05 a.m. The Committee approved the summary of the December 10th meeting as drafted.

The Chair referred to a letter dated December 3, 1999, from Secretary of Transportation Sid Morrison and Connie Niva, Chair of the Washington state Transportation Commission, to Senator Mary Margaret Haugen and Representative Ruth Fisher of the Senate and House Transportation Committees. The letter discusses the reduced revenue following the passage of Initiative 695 and identifies efficiency and cost-saving ideas that would require legislative action. Many ideas on the

list are also on the Administration Committee's options list, including managed competition/contracting out, design/build, permitting alternatives, and traffic signal maintenance.

Kelso-Longview Merger of Public Works Departments

Bob Gregory, Director of the Public Works Department for the Cities of Kelso and Longview, described the consolidation of the two city departments. By an interlocal agreement in August 1998, the two cities agreed to provide jointly for the services of a director and two assistant directors for public works. Bob Gregory serves as the director and is accountable to both city managers, although he is an employee of Longview. The agreement consolidated the cities' parks and recreation departments, solid waste/recycling, public transportation operations, and fleet maintenance departments. The larger city, Longview, has 71 employees, and Kelso has 31 employees. The employees in each city report to the director and to one of the two assistant directors.

The cities agreed that the amount of time spent on public works matters would be determined based on workload demands. Last year, for example, more time was spent in Kelso because of landslides, but that was not a problem in Longview. All vehicle maintenance is handled by Longview at the Longview facility, and two Kelso mechanics were transferred to Longview. Director Gregory estimates that the Longview shop labor rate was reduced from \$62 to \$53 an hour, with a \$51,500 annual cost reduction for the Kelso fleet maintenance, out of an annual fleet budget of \$350,000. In parks and recreation, substantial service improvements have been made as well as decreases in per acre maintenance costs and per capita programming costs. In solid waste/recycling, one full-time position in Kelso was eliminated through attrition. Kelso reimburses Longview for administration services based on the prorated number of accounts. All public transportation facilities, including the airport and transit, were consolidated under one manager.

Service enhancements have resulted from the sharing of equipment and resources. The system has become more user-friendly, due to uniform engineering, facility, design, and development standards. Broader knowledge and economies of scale have led to more opportunities for cost efficiencies. Challenges include salary differentials of 10 to 20 percent, which Director Gregory hopes will be covered by efficiencies that arise with consolidation.

Discussion ensued about how such consolidation was deemed viable politically. Director Gregory noted that he is a friend of both city managers, and thus there was a high level of trust. By working from the bottom up to consolidate operations and service delivery, legislative consolidation could become feasible.

Ideas from the Front Line: Conversations with Labor

The meeting then presented the perspective of workers on issues related to transportation efficiencies. Greg Devereux introduced three members of the Washington Federation of State

Employees: Bob Keller, a retired 30-year maintenance ferry operator in Eastern Washington who also chaired WSDOT's transportation policy committee; Jim McCoard, a maintenance lead technician from Bellevue who runs the incident response program, and John Ball, an equipment mechanic and assistant shop supervisor from Wenatchee, one of six regional shops and the main shop for North Central Washington. They spoke highly of the quality program, which has empowered employees in a structured format to develop new approaches, such as for maintenance operations and a simplified pay scale. A key concern expressed was that money does not flow down to the direct services level but gets consumed by upper and middle management.

The labor representatives credit the sense of pride and ownership for providing good services, and they believe that they could perform well under a managed competition system, citing the Indianapolis experience. However, they are concerned that control of their costs does not rest with their own worker group (management costs are also included in project cost), and they do not see how they can create a package to compete against private contractors unless both sides agree on a cost-based accounting system and what should be included. They do not want to open the door to managed competition without the power to bargain over the changes that would have to be made in order to make management competition work. This includes bargaining over wages and benefits and also agreeing on what the private contractors should have to cover. Public employees cannot fairly compete with private contractors who do not provide health or retirement benefits, for example.

Transportation Expenditures: 50-state Comparisons

Steve Excell, on behalf of the Washington Roundtable, presented data on transportation expenditures in Washington compared with the other 49 states. Using Federal Highway Administration data, he walked the Committee through a series of charts. In expenditures per system mile and per lane mile, Washington ranks ninth and tenth respectively, with larger or older states in our neighborhood of spending levels. The state's urban congestion level is second only to California, which compares to recent data from the Texas Transportation Institute showing the central Puget Sound region in a three-way tie for worst rush-hour traffic.

Washington was fourth in department administration costs as a percent of total expenditures in 1997, at 11 percent, although WSDOT currently reports about seven percent. The state was in the midrange for the number of state transportation agency full-time employees (FTEs) per thousand population, about right for a state of its size, but eighth in FTEs per system mile and tenth in FTEs per lane mile. This may be because ferry miles are not included as lane miles and yet the federal government counts ferry employees as part of DOT FTEs. Steve Excell speculated that the higher administrative cost may be due in part to the fact that the state has not built up its highway system over the last decade, while it has built up an agency capable of maintaining an expanded system. However, he cautioned that all states are struggling with transportation issues. In South Dakota, for example, where there are few cars, the state highway expenditure costs per taxpayer are higher.

Resources are of concern to rural states; congestion of concern to states with large urban centers.

There was some discussion of what should be considered Washington's peer states: Colorado and Oregon? California and New Jersey? Steve Excell said that universities and the Texas Transportation Institute are trying to get states to agree on appropriate comparisons.

Prevailing Wage

Steve Excell provided an overview of the federal and state prevailing wage laws. The federal Davis-Bacon Act applies to all federally funded projects. Washington's JLARC audit found little dollar impact on highway program costs as a result of the state's own prevailing wage law, mainly because states still have to follow the Davis-Bacon Act on projects receiving federal funds. The Washington Roundtable decided not to focus on the prevailing wage issue because they determined that little potential for savings exists, except perhaps in rural areas where some disparities exist.

One adjustment recommended by JLARC and supported by the Washington Roundtable is to change the way the prevailing wage is calculated, from the current "largest city rule" to a "county majority rule." This calculation method would narrow the disparity in highly rural areas. WSDOT concurred with the JLARC recommendation, noting that enacting the recommendation depends on the Legislature's willingness to change the governing statute, RCW 39.12. The Department of Labor and Industries also anticipated favorable review of such legislation.

Next Meeting

The next Committee meeting is scheduled for **Friday, February 11, 2000, 9:00am-12:00pm**, in the O'Hare Room at the SeaTac Holiday Inn.

The meeting was adjourned at 12:00 p.m.